

OVERVIEW OF BUDGET

DEPARTMENT: ARROWHEAD REGIONAL MEDICAL CENTER

DIRECTOR: MARK H. UFFER

	<u>Current Exp/ Appropriation</u>	<u>Revenue</u>	<u>Fund Balance</u>	<u>Staffing</u>
Arrowhead Regional Medical Center	223,718,475	225,193,035		2,189.5
Telemedicine Federal Grant Fund	1,850,000	1,850,000	-	
Special Patient Account	3,119	100	3,019	
Total	225,571,594	227,043,135	3,019	2,189.5

BUDGET UNIT: ARROWHEAD REGIONAL MEDICAL CENTER (EAD MCR)

I. GENERAL PROGRAM STATEMENT

The Arrowhead Regional Medical Center provides inpatient and outpatient medical care to County residents in accordance with state law. The medical center operates through an enterprise fund. Under this system, revenues earned from operations are retained to fund the program.

II BUDGET & WORKLOAD HISTORY

	<u>Actual 1999-00</u>	<u>Budget 2000-01</u>	<u>Actual 2000-01</u>	<u>Budget 2001-02</u>
Total Current Expense	202,474,276	211,891,467	218,811,450	223,718,475
Depreciation	11,987,739	11,475,000	11,552,496	11,520,000
Total Revenue	216,548,314	211,891,467	226,248,974	225,193,035
Fixed Assets	1,091,703	1,655,897	1,469,679	1,474,560
Budgeted Staffing		2,100.3		2,189.5

Workload Indicators

Aver. Daily Inpatient Census ARMC	211	214	232	231
Aver. Daily Inpatient Census DBH	54	54	54	51
Emergency Room Visits	61,800	64,000	66,635	65,000
Outpatient Clinic Visits	199,000	195,000	199,267	196,000

Significant differences between actual and budget 2000-01 existed in salaries and benefits due to the hospital experiencing an inpatient census increase of 10% as well as a 7.9% increase in emergency room visits. These increases are also reflected in revenues. Variances in transfers were due to additional debt service payments and an accounting change related to the payment of site reuse, which was budgeted in services and supplies.

III HIGHLIGHTS OF BOARD APPROVED CHANGES TO BUDGET (see attachments for detailed changes)

STAFFING CHANGES

Changes in budgeted staffing increased a net 89.2 positions. Budget additions include 58.7 positions to staff an 8% increase in inpatient census and opening of MICU/Rapid Entry Unit, 14.0 positions in Environmental Services resulting from increased census and management's emphasis on maintaining appearance of building, 15.0 positions to staff for increased census and new residency programs, and 1.5 net positions added to ancillary areas to meet workload demands created by volume increases.

PROGRAM CHANGES

Program changes affecting the budget include: increased medical supplies \$3.5 million due to an 8% increase in inpatient census and additional inflation, over the 2% allowed, for medical supplies based on the Consumer Price Index. Medically Indigent Adult Program costs increased \$1.2 million due to increased volume and increased third party administrative rates. Computer software and other professional expenses increased \$3.5 million for purchase and installation of new Hospital Information System. Utilities' expense increased \$1.1 million due to increased natural gas rates. Other professional services increased \$1.6 million due to additional security and increased pharmacy and physician payments created by volume increases.

ARROWHEAD REGIONAL MEDICAL CENTER

Due to an accounting change, central computer charges decreased \$2.0 million and transfers increased \$1.0 million, corresponding offsetting charges are reflected in services and supplies.

Major changes in program revenues include a \$4.2 million increase in Medicare revenues due to additional inpatient discharges and outpatient visits, a net increase of \$3.9 million in Medi-Cal revenues due to a one-time \$6.2 million Medi-Cal outpatient settlement less net reduction of \$2.3 million in SB 855 and SB 1255 disproportionate share revenues, and a \$8.8 million increase in insurance revenues due to 16% increase in volume and higher reimbursement rates resulting from restructuring of insurance contracts, partially offset by a \$3.7 million decrease in Behavioral Health revenues due to contractual rates and inpatient census decreases.

GROUP: Human Services System
DEPARTMENT: Arrowhead Regional Medical Center
FUND: Enterprise EAD MCR

FUNCTION: Health & Sanitation
ACTIVITY: County Medical Ctr

	2000-01 Actuals	2000-01 Approved Budget	2001-02 Board Approved Base Budget	2001-02 Board Approved Changes to Base Budget	2001-02 Final Budget
<u>Appropriations</u>					
Salaries and Benefits	103,208,206	97,725,233	103,892,194	5,708,160	109,600,354
Services and Supplies	103,255,038	107,371,790	103,368,029	4,911,914	108,279,943
Central Computer	1,984,479	2,960,628	2,960,628	(1,964,751)	995,877
Transfers	10,363,727	3,833,816	3,833,816	1,008,485	4,842,301
Total Current Expense	218,811,450	211,891,467	214,054,667	9,663,808	223,718,475
Depreciation	11,552,496	11,475,000	11,475,000	45,000	11,520,000
<u>Revenue</u>					
Current Services	49,907,515	39,041,500	39,041,500	5,335,000	44,376,500
State, Federal or Gov't Aid	198,831,628	167,605,379	167,605,379	7,716,964	175,322,343
Other Revenue	(22,490,169)	5,244,588	5,244,588	249,604	5,494,192
Total Revenue	226,248,974	211,891,467	211,891,467	13,301,568	225,193,035
<u>Fixed Asset</u>					
Fixed Asset Equipment	813,784	1,000,000	1,000,000	-	1,000,000
Capital Lease Equipment	655,895	655,897	655,897	(181,337)	474,560
	1,469,679	1,655,897	1,655,897	(181,337)	1,474,560
Budgeted Staffing		2,100.3	2,101.3	88.2	2,189.5

ARROWHEAD REGIONAL MEDICAL CENTER

Total Changes Included in Board Approved Base Budget

Base Year Adjustments

Salaries and Benefits	6,107,031	MOU, 7% Tier, Workers Comp, Retirement
Services and Supplies	1,285,457	Inflation, Risk Mgmt Liabilities
	(9,700,000)	Elimination of prior year estimated cash deficit to be absorbed by 2000-01 operations
Subtotal Base Year Appropriation	<u>(2,307,512)</u>	

Mid Year Adjustments

<u>Description</u>		<u>Board Approved Date</u>
Salaries and Benefits	46,776	9/12/00 Classification action - 1 position
	65,458	Classification action - 1 position replaced Cont. Risk
		11/28/00 Mgr.
	(69,343)	11/28/00 Classification action - (1) Position replaced by Hosp Risk Coord.
	82,405	12/19/00 Contract # 00-1289 - 1 FTE
	(65,366)	1/23/01 Pos. Reclass. & Transfer - (1) FTE transferred to Risk Mgmt.
Services and Supplies	254,120	10/31/00 Physician agreements 00-1134 through 00-1150, which increased payments for provision of care to Medically indigent adults.
	188,000	3/20/01 convert ARMC Colton clinic to a Medically Indigent Adult
	15,500	9/12/00 Contract #00-944 with Sean Thomas M.D. to provide care to Medically Indigent Adults in 29 Palm/Yucca Valley area. Replaced Inland Faculty Med. Grp., noted incremental increase in budget only.
	3,519,216	3/6/01 Contracts #01-160 & #01-161 with Meditech & JWild for installation & implementation of new Hospital Information System.
	40,000	10/17/00 Contract #00-1064 with Loma Linda Univ. to provide rehab. Services to ARMC patients. Noted incremental increase in budget only.
	473,074	10/31/00 Physician agreements 00-1134 through 00-1150 for various admin., teaching, supervision & patient care services at ARMC.
	(135,000)	12/19/00 Contract #00-1303 assignment of Dialysis agreement with Gambro from Internal Medical Grp. Noted
	55,872	9/19/00 Contracts #00-953 & #00-954 with Edgar Kellar & Phillip Romano to provide Medically Indigent clinic buildings in 29 Palm/Yucca Valley area.
Subtotal Mid Year Appropriation	<u>4,470,712</u>	
Total Current Expense Change	2,163,200	
Total Revenue Change	-	
Total 2000-01 Approved Budget Current Expense	211,891,467	
Total 2000-01 Approved Budget Revenue	211,891,467	
Total Base Budget Current Expense	214,054,667	
Total Base Budget Revenue	211,891,467	

ARROWHEAD REGIONAL MEDICAL CENTER

Board Approved Changes to Base Budget

Salaries and Benefits	5,008,730	Addition of 88.14 FTE's for 8% increase in Inpatient Census, opening of 16 bed Rapid Admission/MICU unit and resulting volume increases in ancillary areas.
	699,430	Previously unbudgeted Paid Holiday worked & Double time pay for various contract & per-diem positions
	<u>5,708,160</u>	
Services and Supplies	680,300	Increased MIA, CTAP & AB 75 claims processing fees. Increased claims expense for MIA's referred to St. Bernardines for open heart procedures.
	232,120	ARMC Café volume up 20%, +1% add'l inflation above Base Year Adj.
	(125,400)	Reduced ARMC promotions & advertising.
	1,080,000	GASB 34 change (1.8M from 2410 SMS prior yr.) net of \$720K reduction in SMS budget for phaseout as ARMC transitions to new HIS system.
	(258,642)	Elimination of other software that Meditech HIS system will replace.
	(340,050)	Reduced minor equipment purchases.
	1,040,480	Natural gas prices up 237% offset slightly by reduced electrical costs.
	95,550	ARMC volume up 8%, forms increased only 6% (after inflation).
	133,000	3% inflation per Budget instruction book. Shift of workload to County mail from outside courier expense in 2445 (decreased \$178K).
	189,610	Increase over P/Y budget; however, has decreased in relation to 00-01 actual.
	194,672	ISD anticipates increased svcs. to ARMC for implementation of new HIS sys.
	523,160	Pharmacy prof'l svcs. increased 11% (after inflation): 8% due to Inpatient census increase, 3% increase in outpatient prescriptions.
	109,600	Electronic billing svcs. moved from P/Y 2410 budget (GASB 34)
	104,400	Additional Loma Linda residents for 8% increase in census, 1% add'l inflation over base year.
	(178,000)	Utilizing County mail svcs. instead of outside couriers.
	314,840	Healthcare security increased due to addition of security staff & add'l 3.8% COL above base year inflation.
	(145,600)	Net decrease in other svcs. resulting from elimination of consulting svcs.
	162,036	16% increase: 8% Census increase, under estimated PY budget 7% & remainder due to increased usage employee uniforms.
	97,804	Census increase 8%, management emphasis on ARMC appearance.
	2,800,960	Increased 7.2% (after add'l 1% inflation over base line) due to 8% census increase & expansion of ancillary services provided to patients.
	54,634	Increase in projected Medical Imaging global maint.
	(2,000,000)	CMC site reuse paid & budgeted in 5030 transfer out (GASB 34).
	85,000	Increased travel anticipated as result of new HIS sys. Training in Boston, MA.
	61,440	Net decrease for all other Services & Supplies.
	<u>4,911,914</u>	
Central Computer	(2,059,600)	PY budget line item amts. Moved (GASB 34) to Obj. Cd. 2115 (\$1.8M) & 2445 (\$109.6K) & elimination of PY Other D.P. Support vendor contracts (\$150K).
	68,776	
	<u>26,073</u>	
	<u>(1,964,751)</u>	
Transfers	<u>1,008,845</u>	Total Operating Transfer Change (Reimb. Debt Svcs. & CMC site reuse).
Total Current Expense	<u>9,664,168</u>	
Depreciation	<u>45,000</u>	
State/Federal Aid	9,064,000	37.4% increase in Insurance & Private Revenues due to 16% increase in Insurance volume, restructuring of Insurance contracts & improved Private Pay collections.
	(3,729,000)	DBH paid days decreased 8% & reimbursement rate decreased 18.7%.
	(1,000,000)	Decrease in Realignment due to decrease in site re-use.
	531,514	Increased allocation from State for AB75 Tobacco Tax program.
	(87,000)	\$2.27M decrease in Medi-Cal per diem revenues offset by \$2.18M increase in IEHP Medi-Cal Manage Care & Medi-Cal Outpatient Revenues
	6,200,000	Medi-Cal Outpatient Settlement due from State as a result of litigation.
	(2,201,623)	\$7.5M increase in SB855 program & \$9.7 decrease in SB1255 funding.
	26,073	Offset to 2410
	<u>4,248,000</u>	Medicare volume increased 9.7% & reimbursement rates increased 13%.
Total Revenue	<u>13,301,568</u>	
Fixed Asset	<u>(181,337)</u>	Decrease in capital lease payments